



Accelerate Resources Limited

ABN 33 617 821 771

Consolidated Interim Financial Report For the Half-Year Ended 31 December 2021

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CORPORATE INFORMATION

Accelerate Resources Limited

ABN 33 617 821 771

Directors

Mr Richard Hill
Non-Executive Chairman

Ms Yaxi Zhan
Managing Director

Mr Grant Mooney
Non-Executive Director

Dr Steve Bodon
Non-Executive Director

Company Secretary

Ms Deborah Ho

Registered and Principal Office

Suite 4, 16 Ord Street
West Perth, WA 6005

Telephone: +61 8 6248 9663

Website

www.ax8.com.au

Stock Exchange

Australian Securities Exchange (ASX Limited)
Home Exchange Perth

Securities

Code: AX8

Share Registry

Advanced Share Registry
110 Stirling Hwy
Nedlands WA 6009

Australian Telephone: 1300 113 258
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Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco, WA 6008

Telephone: +61 8 9426 0666

DIRECTORS' REPORT

The Directors of Accelerate Resources Limited (“the Company” or “Accelerate”) and its controlled entities (“the Group”), present their interim financial report for the half-year ended 31 December 2021.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year ended 31 December 2021 were as follows:

Name	Title	Date Appointed
Mr Richard Hill	Non-Executive Chairman	Appointed 3 July 2020
Ms Yaxi Zhan	Managing Director	Appointed 7 March 2017
Mr Grant Mooney	Non-Executive Director	Appointed 1 June 2017
Dr Steve Bodon	Non-Executive Director	Appointed 1 February 2022

PRINCIPAL ACTIVITIES

The Group is an Australian gold, base metals and industrial minerals focused exploration entity.

REVIEW OF OPERATIONS AND RESULTS

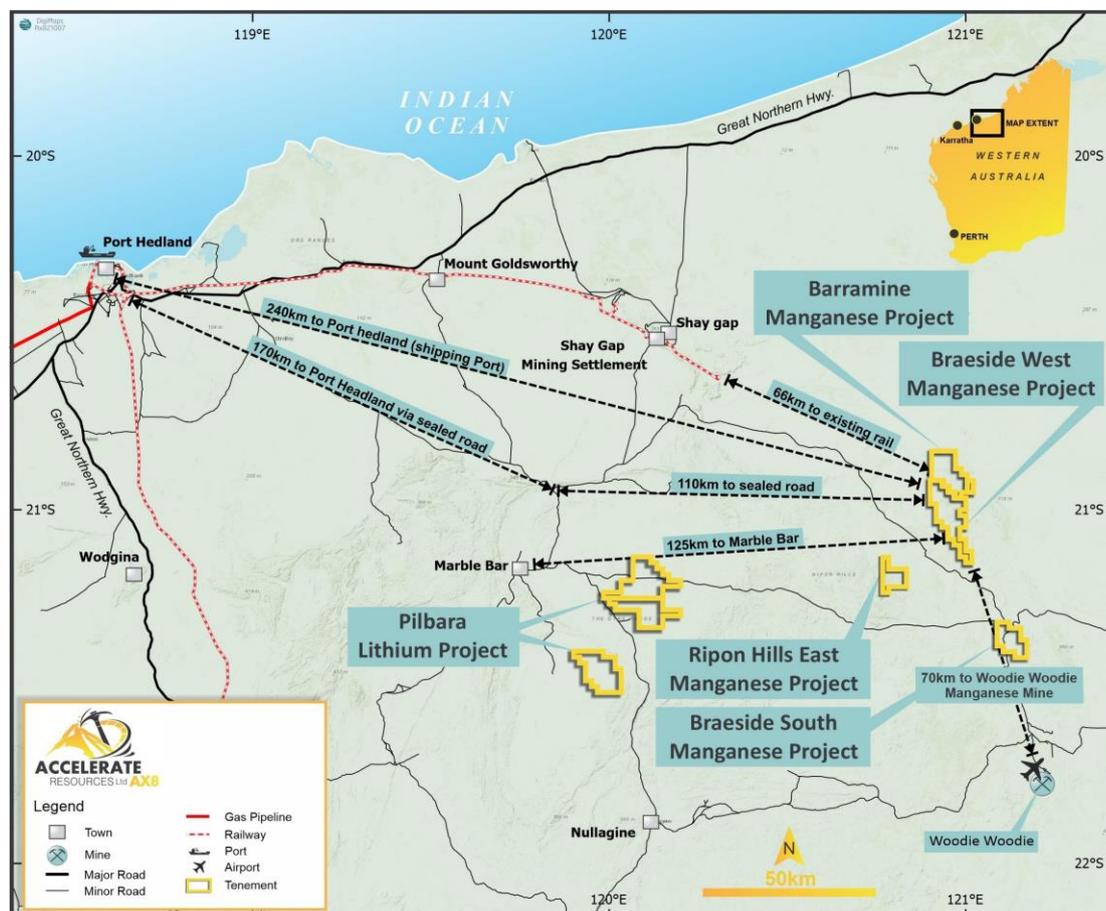


Figure 1: Accelerate Resources Manganese Project and Lithium Project Location

BRAESIDE WEST MANGANESE PROJECT

The Company entered into a binding Option Agreement to acquire the Manganese and Iron Ore rights at Ripon Hills East and Braeside West Projects in the East Pilbara Manganese Field (see ASX Announcement dated 27 July 2021).

Review of historical data identified multiple manganese targets throughout the tenements. Surface manganese mineralisation, including multiple historical rock chip samples with +50% Mn within the project area being identified. Historical drilling data has been digitised from historical tenement reports, confirming that there is considerable shallow and deep manganese potential within the project area.

Historical drill results from Braeside West Prospect, confirming near-surface high-grade manganese mineralisation. Drill results include:

- BX48 – 11m @ 28.4% Mn from 1m
- BX57 – 2m @ 41.8% Mn from surface
- BX58 – 5m @ 37.3% Mn from surface
- BX61 – 2m @ 39.3% Mn from surface
- BX71 – 8m @ 37.4% Mn from surface
- BX76 – 6m @ 39.9% Mn from surface

The technical team and Company Directors completed an on-site due diligence confirming the extensive nature of the prospective Pinjian Chert - Carawine Dolomite interface on the tenements as well as manganese mineralisation commonly exposure on the surface at multiple locations. Historical drill hole locations have been verified.

Based on the data available and successful site visit, the Company elected to exercise the Option and execute the high-grade Manganese strategy (see ASX Announcement dated 25 October 2021).

ABOUT THE BRAESIDE WEST AND RIPON HILLS EAST PROJECTS

The Braeside West Prospect (E45/5854) covers 139km² and offers the opportunity to identify manganese mineralisation of similar nature to the deposits of the nearby (~70km) Woodie Woodie Mine (Figure 1).

Ripon Hills East Prospect (E45/5088) is situated 70km northwest of the world-class Woodie Woodie Manganese deposit (Consolidated Minerals) and immediately east of the Ripon Hills manganese deposit. The Project covers 48km², and records indicate very little historic exploration within the license area, despite the presence of favourable "Woodie Woodie" N-S structures and mappable surface manganese mineralisation.

The Company commenced field and desktop studies on the recently acquired Braeside West and Ripon Hills East Projects in the East Pilbara Manganese Field.

MANGANESE STRATEGY

Accelerate has identified future supply disruption and metal shortfalls in the Mn market and has executed a high-grade manganese exploration strategy to supply the battery and steel production markets.

Manganese is a critical element used in steel production. The steel industry is poised to continue growing, providing a steady source of demand for manganese. New demand is arising from clean-energy applications. High purity manganese (HPM) is used as a cheaper substitute for cobalt in nickel-cobalt-manganese (NCM) battery cathodes.

Manganese is increasingly a critical link in the lithium-ion battery supply chain and has been added to the strategic minerals stockpile. There is a high probability of supply disruption from South African production and the winding down of dominant Northern Territory Groote Eyland Manganese Operations.

High-grade deposits capable of producing lump or fines product with grades in excess of 40% manganese are critical in steel and battery market supply chains.

COMET GOLD PROJECT, WA

The Comet Gold Project located in the Murchison Goldfields, approximately 115km south southwest of Meekatharra and 20km southeast of Cue, the project covers part of the Meekatharra to Mount Magnet Greenstone belt, located at the southern end of the Tuckabianna Shear Zone.

During the half year, additional historic data previously not included has undergone verification prior to being added to the existing database. This new (historic) data has provided additional insight into the project area, confirming previously identified targets and opening other areas previously considered low priority.

Compilation and analysis of historical RAB and RC drilling data has identified a number of gold targets and anomalous gold trends within the Comet Project area, including extensions to the north and east of the Comet gold mine and along the Antarctica gold trend in the eastern part of the license.

Wide-spaced shallow drilling undertaken at Comet East during the 1990's intersected significant gold mineralisation, including 4m at 7.08 g/t gold from 27m (PRB305), and 3m at 4.53 g/t gold from 60m (PRC269)(1) (see ASX announcement dated 14 July 2020).

During September 2020, Accelerate undertook the first phase of RC drilling (17 holes for 1,212m; 20CORC001 - 017) at the Comet Gold Project, returning highly encouraging assay results from shallow drilling at the Comet East prospect (see ASX announcement dated 2 November 2020).

Significant drill results included:

- 20CORC002 9m @ 3.89 g/t gold from 34m
- 20CORC003 6m @ 1.11 g/t gold from 30m
- 20CORC006 3m @ 2.23 g/t gold from 27m

Follow up RC drilling was completed in late December 2020. An additional ten RC holes for 702m (20CORC018 – 027) were drilled to infill section spacing to 40m along 160m of strike on the shallow dipping Comet East mineralised structure. All holes returned a significant gold intersection from the targeted gold position.

For the March 2022 Quarter, the Company plans to conduct a targeted geochemical survey over areas identified and also plans to complete a shallow Air Core drilling program to test for blind mineralisation running parallel and along strike for known gold mineralisation.

PILBARA LITHIUM PROJECT, WA

Three exploration license applications were lodged during the half year, covering approximately 369km² of prospective geology in the East Pilbara region of Western Australia, located 200km east of Port Hedland, and 30km east and south-east of Marble Bar.

Applications E45/6057 (~146km²) and E45/6058 (~103km²) cover the central eastern section of the Mt Edgar Batholith, a prominent granitic intrusion with N-S and N-E lineaments and structures identified from Geological Survey data.

Application E45/6056 (120km²) covers the north-east section of the Corunna Downs Batholith with prominent N-S, E-W and N-E lineaments with possible widespread fractionation identified by the presence of multiple structures located from Geological Survey data.

Both areas are underexplored for lithium minerals but have been the subject of limited historic diamond exploration and historic tin and tantalite exploration activity.

On granting, the Company plans to conduct initial reconnaissance activities including geological mapping, selective surface sampling as well as detailed desk top assessment with a view to generating target areas.

TAMBELLUP KAOLIN PROJECT – VYTAS RESOURCES OPTION TO ACQUIRE 100%

During the second half of 2021, the Company executed a binding agreement with Vytas Resources Pty Ltd ("Vytas") to develop a new technology materials company focused on the Company's Tambellup Project and Vytas' silica assets to become a potential supplier of HPA and HPQ for energy production (hydrogen production and solar panels), energy storage (batteries), and other industrial applications.

CSIRO's (2021) Critical Energy Minerals Roadmap includes both aluminium (HPA) and silicon (HPQ) as critical minerals needed to transition to a renewable economy. Both materials are in high demand due to their manufacturing benefits and use in Solar PV, Wind Turbines, Concentrated Solar Power (CSP), Hydrogen Production and Batteries.

This new technology material venture will place Vytas and Accelerate at the forefront of the renewable technology industry.

There are significant synergies with this new technology material venture. Vytas' technical team has more than 30 years' experience in R&D, and mineral and product development. Their team has particular expertise in kaolinite mineralisation and in its beneficiation and conversion to HPA, enabling Accelerate to realise the potential of the Tambellup Kaolin Assets.

The Global HPA market was valued at US\$1.3 billion in 2019 and is projected to reach US\$4.8 billion by 2026, growing at a CAGR of 20.7 per cent from 2020 to 2026 (Allied Market Research, 2020).

The venture with Vytas will also expose Accelerate shareholders to the globally significant HPQ market and the renewable energy sector.

Similarly, the Global HPQ market had a value of US\$671.62 million in 2019 and is expected to reach US\$1,233.94 million by 2027 growing at a CAGR of 7.9 per cent during the forecast period (Research and Markets, 2021).

Transferring the Tambellup Kaolin Project to Vytas Resources, a HPA and HPQ focused Company team, will allow Accelerate to focus on its manganese strategy, and still have exposure to HPA and HPQ silica resource and technology development.

For more information, please visit ASX Announcement dated 2 September 2021.

CORPORATE

CAPITAL RAISING

During the half year, the Company received firm commitments to raise \$3.1 million (before costs) through a placement of shares to a range of sophisticated and professional investors (“Placement”), including participation by Accelerate’s Board of Directors.

Funds raised from the capital raising, together with the Company’s existing cash reserves, will be used for due diligence exploration drilling and exploration activities on the Braeside West Project and Ripon Hills East Manganese Projects, exploration activities on the Comet Gold Project and for working capital purposes (including costs of the Placement).

The Placement comprised an issue of 86,111,105 fully paid ordinary shares (“Shares”) in the Company at an issue price of 3.6 cents and settled in two tranches, as follows:

- A total of 38,899,428 Shares (“Tranche 1 Shares”) were issued to raise approximately \$1.4 million (before costs); and
- A total of 47,211,677 Shares were issued to raise approximately \$1.7 million (before costs), which were issued once shareholder approval had been received at the 2021 Annual General Meeting which was held on 8 November 2021.

For more information, please visit ASX announcement dated 13 September 2021.

JMEI CREDITS

ABOUT THE JMEI SCHEME

The JMEI scheme encourages investment in mineral exploration companies that carry out “Greenfields” mineral exploration in Australia, by allowing such companies to generate a tax incentive by choosing to give up a portion of their losses from “Greenfields” mineral exploration expenditure for distribution to Australian residents who acquired new shares during the relevant eligibility period. The shares must be equity interests for the purposes of debt and equity tax rules.

The Company has received an allocation of up to \$600,000 in JMEI tax credits which can be distributed to shareholders (Eligible Shareholders) who participate in a capital raising and acquire new shares in Accelerate between the 2 September 2021 and 30 June 2022 (Eligibility Period).

For more information, please visit ASX announcement dated 7 September 2021.

EQUITY POSITION IN TSX LISTED EXPLORATION COMPANY CURRIE ROSE

As announced on 30 April 2021, the Company completed its Due Diligence exploration program on the Rossland High-Grade Gold project in Canada and elected to convert its expenditure to 8,333,333 shares (which is an equivalent to 16.6% of shares on issue), in Currie Rose. For more information, please visit ASX Announcement date 30 April 2021.

As announced on 28 October 2021, Currie Rose announced that it has entered into an agreement with Chalice Mining Limited and Liontown Resources Limited to acquire 100% of two advanced Vanadium assets in the North Queensland.

Similar to manganese, vanadium is a key and strategic metal for the battery and broader electrification sector. With this transaction, there is ongoing potential for Accelerate and Currie Rose to share synergies within the rapidly developing renewables and battery space.

DIVIDENDS

There were no dividends paid, recommended or declared during the half-year ended 31 December 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group.

EVENTS SUBSEQUENT TO REPORTING PERIOD

On 1 February 2022, the Company appointed Dr Steve Bodon as a Non-Executive Director.

On 16 February 2022, the Company announced that it has executed an Agreement to acquire 100% of the East Pilbara Barramine manganese Project.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

OPERATING RESULTS FOR THE PERIOD

The loss after tax for the half-year ended 31 December 2021 was \$774,665 (2020: \$1,501,131).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Yaxi Zhan

Managing Director

Date: 16 March 2022

Perth

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Accelerate Resources Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

Dated this 16th day of March 2022
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	Consolidated	
		31 December 2021 \$	31 December 2020 \$
Revenue			
Other income		1,500	64,577
Expenses			
Corporate and professional expenses		(115,543)	(115,932)
Director and employee benefits		(159,489)	(404,565)
Administration expenses		(78,598)	(40,835)
Other expenses		(79,112)	(133,640)
Depreciation expenses		(996)	(5,107)
Share based payment expense		(124,913)	(853,055)
Exploration expenditure		(217,514)	(12,574)
Loss before income tax expenses		(774,665)	(1,501,131)
Income tax expense		-	-
Loss after income tax for the half-year		(774,665)	(1,501,131)
Other comprehensive income for the half-year			
Other comprehensive income for the half-year, net of income tax		-	-
Total comprehensive loss for the half-year		(774,665)	(1,501,131)
Basic and Diluted Loss per share (cents per share)	9	(0.40)	(1.17)

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Consolidated	
		31 December 2021 \$	30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	3,182,467	1,232,440
Other assets	4	162,013	81,328
Asset held for sale	5	1,000,000	1,000,000
Total Current Assets		4,344,480	2,313,768
Non-Current Assets			
Other non-current assets	4	1,387,516	549,571
Exploration and evaluation expenditure	5	848,218	912,356
Plant and equipment		4,457	5,454
Total Non-Current Assets		2,240,191	1,467,381
TOTAL ASSETS		6,584,671	3,781,149
LIABILITIES			
Current Liabilities			
Trade and other payables	6	180,636	68,376
Deferred consideration		-	36,000
Provision		55,734	39,496
Total Current Liabilities		236,370	143,872
TOTAL LIABILITIES		236,370	143,872
NET ASSETS		6,348,301	3,637,277
EQUITY			
Issued capital	7	12,451,726	9,090,949
Reserves	8	2,492,266	2,367,354
Accumulated losses		(8,595,691)	(7,821,026)
TOTAL EQUITY		6,348,301	3,637,277

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2020		6,225,335	1,561,914	(4,446,971)	3,340,278
Loss for the half-year		-	-	(1,501,131)	(1,501,131)
Other comprehensive income		-	-	-	-
Total Comprehensive Loss for the half-year		-	-	(1,501,131)	(1,501,131)
Shares issued		2,984,061	-	-	2,984,061
Share issue costs		(391,436)	217,549	-	(173,887)
Consideration shares issued		18,000	-	-	18,000
Performance rights issued		-	252,000	-	252,000
Conversion of performance rights		252,000	(252,000)	-	-
Options issued		-	601,055	-	601,055
Balance as at 31 December 2020		9,087,960	2,380,518	(5,948,102)	5,520,376
Balance as at 1 July 2021		9,090,949	2,367,354	(7,821,026)	3,637,277
Loss for the half-year		-	-	(774,665)	(774,665)
Other comprehensive income		-	-	-	-
Total Comprehensive Loss for the half-year		-	-	(774,665)	(774,665)
Shares issued	7	3,544,000	-	-	3,544,000
Share issue costs	7	(183,223)	-	-	(183,223)
Options issued	8	-	124,912	-	124,912
Balance as at 31 December 2021		12,451,726	2,492,266	(8,595,691)	6,348,301

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(559,817)	(464,312)
Interest received		-	56
Other income received		1,500	27,360
Net cash (used in) operating activities		(558,317)	(436,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditures		(158,433)	(185,091)
Amounts advanced to external party		(250,000)	(371,171)
Proceeds on sale of asset		-	15,000
Purchase of plant and equipment		-	-
Cash acquired from asset acquisition		-	-
Net cash (used in) / from investing activities		(408,433)	(541,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	7	3,100,000	2,700,000
Share issue cost	7	(183,223)	(173,887)
Net cash from / (used in) financing activities		2,916,777	2,526,113
Net increase / (decrease) in cash and cash equivalents		1,950,027	1,547,955
Cash and cash equivalents at the beginning of the half-year		1,232,440	156,611
Cash and cash equivalents at the end of the half-year	3	3,182,467	1,704,566

The accompanying notes form part of this financial report

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

NOTE 1: GENERAL INFORMATION

Accelerate Resources Limited and its controlled entities is a public company listed on the Australian Securities Exchange (trading under the ASX code 'AX8'), incorporated and operating in Australia.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year interim report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Changes in Accounting Policy, Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3: CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Cash at bank	3,182,467	1,232,440

NOTE 4: OTHER ASSETS

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
CURRENT		
GST receivable	66,241	9,264
Deposit	46,000	60,000
Prepayments	49,772	12,064
	162,013	81,328
NON-CURRENT		
Other non-current asset – Currie Rose Resources Inc. ¹	549,571	549,571
Other non-current asset – Vytas Resources Pty Ltd ²	837,945	-
	1,387,516	549,571

¹ Pursuant to the binding term sheet entered into with Currie Ross Resources Inc. ("Currie Rose") on 30 August 2020, Accelerate made available CAD\$500,000 to Currie Rose in order to fund a due diligence exploration program on the Rossland Gold Project ("Exploration Program"), with Currie Rose managing the Exploration Program at the direction of Accelerate.

The Company completed its Due Diligence on the Exploration Program and elected to convert its expenditure to 8,333,333 shares (which is equivalent to 16.6% of shares on issue), in Currie Rose. The Company received confirmation that the shares had been issued.

² Pursuant to the binding term sheet entered into with Vytas Resources Pty Ltd ("Vytas") on 1 September 2021, Accelerate made available \$250,000 to Vytas in order to fund progressing the Work Program on the Tambellup Project and the Midwest Silica Sand Project.

The Company announced on 30 November 2021, that it had completed the sale of the Tambellup Project by transferring 100 per cent of the shares of Halcyon Resources Pty Ltd, its wholly owned subsidiary, to Vytas and that Vytas had issued 27,120,000 shares in Vytas to the Company (which is equivalent to 33% of shares on issue).

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Exploration and evaluation expenditure – Western Australia	848,218	912,356
	848,218	912,356

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Exploration and evaluation expenditure – Western

Australia	\$
Balance as at 1 July 2021	912,356
Additions ¹	518,153
Sale of tenement ²	(582,291)
Balance as at 31 December 2021	<u>848,218</u>

¹ Included in the additions is the acquisition of the Ripon Hills East and Braeside West Mn Projects. The Company issued 8,000,000 shares to the vendors, Pardoo Resources Pty Ltd and Great Sandy Pty Ltd, to exercise the option to acquire the Manganese and Iron Ore rights on Ripon Hills and Braeside West projects in the East Pilbara Manganese Field amounting to \$312,000. Details of the acquisition are as follows:

	Fair value
	\$
Shares in Accelerate Resources Limited issued to vendors*	312,000
Fair value of the consideration transferred	<u>312,000</u>

* 8,000,000 fully paid ordinary shares were issued at 3.9 cents as partial payment for the acquisition.

² On 30 November 2021, the Company completed the sale of the Tambellup Project by transferring 100 per cent of the shares of Halcyon Resources Pty Ltd, its wholly owned subsidiary, to Vytas and Vytas issued 27,120,000 shares in Vytas to the Company (which is equivalent to 33% of shares on issue).

In June 2021, the Company announced that it had entered into a Heads of Agreement, granting an option to unlisted company Stunalara Metals Limited (“Stunalara”), to acquire 100% of the legal and beneficial interest in the Company’s Mt Read Project in Tasmania. The Mt Read Project comprises exploration license EL06/2013. Upon exercising of the option, the Company will receive fully paid ordinary shares in Stunalara to the value of \$1,000,000 at a deemed issue price equal to the price per share offered to the public under Stunalara’s proposed initial public offering or the 1-month VWAP price of an RTO vehicle prior to a deal being announced for the listing via a reverse takeover (back door listing).

The Company has received a non-refundable option fee of \$15,000 (excl GST) for an exclusive option period to 30 September 2021 and a further non-refundable variation fee of \$15,000 (excl GST) with a further option extension period to 30 June 2022.

As a result of the above, the underlying exploration & evaluation costs relating to the Mt Read Project have been reclassified as held for sale as at 30 June 2021. An impairment of \$1,708,602 was recognised prior to reclassification to reflect the fair value of the Project in line with the agreed consideration set out in the Heads of Agreement.

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Asset held for sale – Mt Read Project	1,000,000	1,000,000
	1,000,000	1,000,000

NOTE 6: TRADE AND OTHER PAYABLES

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Trade payables	135,741	11,481
Accruals	8,900	37,236
Other payables	35,995	19,659
	180,636	68,376

NOTE 7: ISSUED CAPITAL

	31 December 2021 No.	30 June 2021 No.	31 December 2021 \$	30 June 2021 \$
Fully paid ordinary shares	253,458,899	156,847,794	12,451,726	9,090,949

<i>Movements in Issued Capital</i>	Date	Issue price \$	Shares No.	Amount \$
Balance as at 1 July 2021			156,847,794	9,090,949
Placement – tranche 1	20/09/2021	0.036	38,899,428	1,400,380
Placement – tranche 2	16/11/2021	0.036	47,211,677	1,699,620
Shares as finders fee (Wooleen Project)	16/11/2021	0.048	1,500,000	72,000
Shares as finders fee (Pilbara Lithium)	16/11/2021	0.048	500,000	24,000
Shares to Volcanic Resources Pty Ltd	16/11/2021	0.072	500,000	36,000
Shares for exercise of option (Ripon Hills East and Braeside West Mn Projects)	01/12/2021	0.039	8,000,000	312,000
Share Issue Cost				(183,223)
Balance as at 31 December 2021			253,458,899	12,451,726

NOTE 8: RESERVES

	31 December 2021 \$	30 June 2021 \$
Option reserve	2,492,266	2,367,354
	Options	Amount
	No.	\$
<i>Movements in Option Reserve</i>		
Balance as at 1 July 2021	33,000,000	2,367,354
Options issued to Directors ¹	4,500,000	124,912
Balance as at 31 December 2021	37,500,000	2,492,266

¹ On 16 November 2021, the Company issued 4,500,000 unlisted options exercisable at \$0.0593 each, expiring 16 November 2024, to Directors of the Company.

The total fair value of \$124,912 for options issued to Directors were recognised as share based payment expense in the statement of profit or loss and other comprehensive income.

The Black-Scholes option pricing model was used to value the options and the following table lists the inputs to the model used for the valuation of the options:

Grant Date	Expiry Date	Exercise Price	Share Price		Expected Volatility	Risk-free Interest Rate	Fair Value per Option
			at Grant Date				
30/08/2020	02/09/2023	\$0.06	\$0.056		97.8%	0.28%	\$0.0331
31/10/2020	27/11/2022	\$0.0959	\$0.095		106.3%	0.11%	\$0.0527
23/11/2020	27/11/2024	\$0.0957	\$0.063		98.3%	0.20%	\$0.0381
23/11/2020	27/11/2022	\$0.0957	\$0.063		107.6%	0.09%	\$0.0290
16/11/2021	16/11/2024	\$0.0593	\$0.048		100%	1.02%	\$0.0278

Summary of options granted as at 31 December 2021 are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at		Granted	Exercised	Expired / Forfeited / Other	Balance at 31 Dec 2021
			1 Jul 2021					
18/01/2018	12/02/2022	\$0.25	5,000,000		-	-	-	5,000,000
28/05/2020	09/06/2023	\$0.06	5,000,000		-	-	-	5,000,000
30/08/2020	02/09/2023	\$0.06	5,000,000		-	-	-	5,000,000
31/10/2020	27/11/2022	\$0.0959	1,500,000		-	-	-	1,500,000
23/11/2020	27/11/2024	\$0.0957	9,000,000		-	-	-	9,000,000
23/11/2020	27/11/2022	\$0.0957	7,500,000		-	-	-	7,500,000
16/11/2021	16/11/2024	\$0.0593	-	4,500,000	-	-	-	4,500,000
			33,000,000	4,500,000	-	-	-	37,500,000

NOTE 9: EARNINGS PER SHARE

	Company 2021 \$	Company 2020 \$
Loss after income tax (used in calculating both basic and diluted loss per share)	(774,665)	(1,501,131)
		Cents
Basic loss per share (cents)	(0.40)	(1.17)
Diluted loss per share (cents)	(0.40)	(1.17)
		Number
Weighted average number of ordinary shares used in calculating basic and diluted EPS	191,751,420	127,937,886

NOTE 10: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group identified only one segment, being exploration assets in Australia. The Group is domiciled in Australia.

NOTE 11: CONTINGENT ASSETS AND LIABILITIES

At 30 June 2021, there was contingent consideration payable of 15,000,000 ordinary shares relating to the acquisition of Halcyon Resources Pty Ltd on 18 November 2019 relevant to the Tambellup Kaolin Project. These contingent consideration shares are payable based on the below:

- 7,000,000 shares payable upon announcement by the Company of an inferred mineral resource from the project of either:
 - 5,000,000 tonnes of Kaolin Clay containing 45% minus 45-micron clay with an 82% ISO brightness; or
 - 5,000,000 tonnes of Kaolin Clay containing not less than an average of 29% Al₂O₃ at an optimal fraction size.
- 8,000,000 shares payable upon shipment of 50,000 tons of Kaolin Clay.

At 30 June 2021, there was contingent consideration payable of 500,000 ordinary shares relating to the acquisition of Volcanic Resources Pty Ltd on 27 November 2020. These contingent consideration shares are payable upon the grant of the tenement to the Company by the Western Australia Department of Mines, Industry Regulation and Safety. However, this consideration has been provided for as settlement of the liability is probable and can be reliably measured.

NOTE 11: CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

There were no contingent assets at 31 December 2021 (30 June 2021: nil).

NOTE 12: COMMITMENTS

Operating lease commitments consists of various mining tenement leases in Western Australia (Comet, Ripon Hills, Braeside West).

The Group has annual minimum expenditure commitments of \$180,000 (30 June 2021: \$190,000).

NOTE 14: EVENTS SUBSEQUENT TO REPORTING PERIOD

On 1 February 2022, the Company appointed Dr Steve Bodon as a Non-Executive Director.

On 16 February 2022, the Company announced that it has executed an Agreement to acquire 100% of the East Pilbara Barramine manganese Project.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, no matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the opinion of the Directors of Accelerate Resources Limited:

1. The consolidated financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Yaxi Zhan
Managing Director

Perth

Dated: 16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ACCELERATE RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Accelerate Resources Limited (“the Company”) which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Accelerate Resources Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Company’s financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

Dated this 16th day of March 2022
Perth, Western Australia